GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA

STARRED QUESTION NO:556
ANSWERED ON:03.05.2002
MARKET VALUE OF ASSETS OF PUBLIC SECTOR UNDERTAKINGS
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Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

(a) whether many public sector undertakings are showing a lower book value of the fixed assets, where as the market value in many cases are much higher;

(b) if so, whether any study has been conducted on the market value of the fixed assets;

(c) if so, the outcome thereof; and

(d) if not, the other mechanism available to estimate the correct value of fixed assets of PSUs.

Answer

MINISTER FOR HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI MANOHAR JOSHI)

(a) to (d): A statement is laid on the Table of the House.

Statement in reply to Lok Sabha Starred Question No. 556 for answer on 3.5.2002 regarding Market value of Assets of Public Sector Undertakings by Shri Y.V. Rao.

(a) to (c) : The financial statements, namely, the profit and loss account and the balance sheet of an enterprise are prepared in accordance with the requirements of law and the generally accepted accounting principles prevailing in the country. These statements are prepared primarily on the basis of historical cost convention. Accordingly, fixed assets are valued at original cost less depreciation, although the revaluation thereof is permitted.

As per available information no such study on market value of fixed assets, having been conducted, has come to notice.

(d) : A commonly accepted and preferred method of restating fixed assets is by way of appraisal by the competent valuers.